



# North Dakota Motor Fuels Newsletter

**RICK CLAYBURGH, TAX COMMISSIONER**  
**Office of State Tax Commissioner**

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## **SEMINARS**

The Office of State Tax Commissioner with the Petroleum Marketer's Association has scheduled five statewide motor fuel tax seminars. The seminar topics will include an in depth review of the 1999 Legislative changes, a review and discussion of the revised tax reports, the new aviation fuel tax reports, revised instruction booklets, completion of the schedules of gallons received and gallons disbursed, refunds, and other issues involving motor fuel tax compliance.

All licensees are encourage to send a representative to one of the seminars. There is no fee for this seminar and preregistration is not required. Registration will be at the door.

The seminars are scheduled as follows:

**June 7, 1999 - 9:30 a.m. to noon MDT**

Travelodge  
I-94 & Highway 22  
Dickinson, ND  
701-227-1853

**June 8, 1999 - 9:30 a.m. to noon CDT**

International Inn  
1505 North Broadway  
Minot, ND  
701-852-3161

**June 9, 1999 - 9:30 a.m. to noon CDT**

Bremer Bank  
3100 South Columbia Road  
Grand Forks, ND

**June 10, 1999 - 9:30 a.m. to noon CDT**

Eagles Club  
345 12th Avenue NE  
Valley City, ND  
701-845-2192

**June 11, 1999 - 9:30 a.m. to noon CDT**

Doublewood Inn  
1400 East Interchange  
Bismarck, ND  
701-258-7000

## **1999 LEGISLATIVE CHANGES EFFECTIVE JULY 1, 1999**

### **Tax rates**

**Motor vehicle fuel and special fuel:** Effective for all sales beginning July 1, 1999, the motor vehicle fuel and special fuel tax will increase from \$.20 per gallon to \$.21 per gallon.

**Undyed heating and diesel fuel:** Heating and diesel fuel not dyed for Federal fuel tax exemption purposes is subject to the \$.21 per gallon imposed by N.D.C.C. § 57-43.2-02.

**Dyed heating and diesel fuel:** Heating and diesel fuel dyed for Federal fuel tax exemption purposes is subject to the two percent (2%) special fuel excise tax imposed by N.D.C.C. § 57-43.2-03. There is no change to this tax rate.

**Liquefied petroleum:** Liquefied petroleum is a special fuel. Liquefied petroleum sold for use in licensed vehicles is subject to the \$.21 per gallon special fuel tax imposed by N.D.C.C. § 57-43.2-02. Liquefied petroleum is not a dyed fuel; therefore, it continues to be subject to the 2% special fuel excise tax imposed by N.D.C.C. § 57-43.2-03 when sold for heating purposes and for use in nonlicensed machines or equipment for an agricultural, industrial, or railroad purpose.

**Aviation fuel:** The aviation fuel tax remains \$.08 per gallon.

## Forms

**Tax report forms:** A supply of revised tax report forms for use beginning with the reports for July 1999 transactions will be mailed to all licensees during the last week of July. *A revised tax rate chart and a revised instruction booklet will be included.*

**Schedules of gallons received and gallons disbursed:** Beginning with the schedules submitted for July 1999 transactions, licensees are required to use the forms supplied by the Tax Commissioner or printouts which are set up in the exact same format as the forms. Licensees are encouraged to read and follow the instructions carefully.

## Licenses

**Motor vehicle fuel tax licenses:** Beginning July 1, 1999, each licensee will need to be licensed based on the following categories:

Refiner	Importer
Supplier	Exporter
Distributor	

See the information on "Definitions" in this Newsletter for information on each of the categories.

The Motor Fuel Section will automatically issue new licenses to all existing licensees except retailers. A business which qualifies for more than one license category will be provided with a multiple license covering each of the applicable categories. Licensing questionnaires are enclosed with this newsletter.

Current license numbers and license effective dates will not change, and the current license does not lapse. The new licenses will be category specific and will replace the existing licenses.

**Special fuel and liquefied petroleum tax licenses:** Beginning July 1, 1999, each licensee will need to be licensed based on the following categories:

Refiner	Importer
Supplier	Exporter
Distributor	Retailer

See the information on "Definitions" in this Newsletter for information on each of the categories.

The Motor Fuel Section will automatically issue new licenses to all existing licensees. A business which qualifies for more than one license category will be provided with a multiple license covering each of the applicable categories. Licensing questionnaires are enclosed with this newsletter.

Current license numbers and license effective dates will not change, and the current license does not lapse. The new licenses will be category specific and will replace the existing licenses.

**Aviation fuel:** Effective July 1, 1999, all refiners, suppliers, distributors, importers, and exporters of aviation gasoline and jet fuel are required to obtain aviation fuel tax licenses. Retailers will be required to pay the \$.08 per gallon tax to their suppliers or distributors. Application forms will be mailed to all current licensees identified as sellers of aviation fuels. Any current licensee dealing in aviation fuels who does not receive an application form prior to July 1, 1999, should contact the Motor Fuel Tax Section for an application. The license fee is \$20.00, and the minimum bond requirement is \$500.

Beginning with the reports for July 1999, aviation gasoline will no longer be reported on the motor vehicle fuel tax report and jet fuel will no longer be reported on the special fuel tax report. Aviation fuel tax report forms will be supplied to all aviation fuel licensees.

## Definitions

- a. A **refiner** is a person who produces, manufactures, or refines fuel in this state. It includes a person who produces alcohol or alcohol derivative substances in this state for blending with motor vehicle fuel.
- b. A **supplier** is a refiner who distributes fuel from a terminal in this state, or a person who acquires fuel by pipeline from a state, territory, or possession of the United States or from a foreign country, for storage at and distribution from a terminal or a person who acquires fuel by truck or railcar for storage at and distribution from a terminal in this state.
- c. A **distributor** is a person, other than a retailer, who acquires fuel from a supplier for subsequent wholesale distribution in bulk or transport load by truck, railcar, or in a barrel, drum, or other receptacle. [Procedurally, this definition will include distributors who purchase fuel from each other, marketers, and wholesalers who do not necessarily purchase fuel directly from a supplier.]
- d. A **retailer** is a person who acquires fuel from a supplier or distributor for resale to a consumer at a retail location.
- e. An **importer** is a refiner, supplier, or distributor who imports fuel into this state in bulk or transport load by truck, railcar, or in a barrel, drum, or other receptacle.

- f. An **exporter** is a refiner, supplier, or distributor who exports fuel out of this state in bulk or transport load by truck, railcar, or in a barrel, drum, or other receptacle.

### **Shrinkage**

**Allowances:** Beginning July 1, 1999, the motor vehicle fuel and special fuel shrinkage allowances will be reduced from actual loss but not more than one percent of purchases to actual loss but not more than one-half percent of purchases. The liquefied petroleum shrinkage allowance remains at actual loss but not more than two percent of purchases. *The one percent shrinkage allowance passed on to motor vehicle fuel retailers will also change to one-half percent. Licensees selling motor vehicle fuel to retailers must continue to document the allowance on their sales invoices.*

### **Dyed Fuel**

**Violations:** Beginning July 1, 1999, all licensed diesel powered vehicles are subject to inspection to determine whether dyed or undyed fuel is being used to power the vehicle. The owner or operator of a licensed motor vehicle found to contain dyed special fuel in the fuel supply tank of that vehicle is subject to the tax imposed by N.D.C.C. § 57-43.2-02 to be determined based on the capacity of the fuel supply tank of the licensed vehicle involved and is subject to administrative fees as follows:

- a. A two hundred fifty dollar fee for the first violation.
- b. A five hundred dollar fee for a second violation occurring within three years of a previous violation.
- c. A one thousand dollar fee for a third violation occurring within three years of two previous violations.
- d. A five thousand dollar fee for the fourth and subsequent violations occurring within three years of three or more previous violations.

### **Refunds**

**Special fuel tax refunds to consumers repealed:** Beginning July 1, 1999, consumers purchasing special fuel subject to the \$.21 per gallon tax will no longer be eligible for a special fuel tax refund.

To avoid the \$.21 per gallon tax on special fuel (other than liquefied petroleum) purchased for heating or purchased for use in nonlicensed equipment or machines for an agricultural, industrial, or railroad purpose, consumers must purchase fuel dyed for Federal fuel tax exemption purposes.

Consumers using special fuel for heating and in nonlicensed equipment for an agricultural, industrial, or railroad purpose may file a claim for a refund on that fuel taxed at \$.20 per gallon and purchased prior to July 1, 1999. The change in the law is based on when the fuel was purchased, not on when the fuel was or is to be used. The consumers may file their 1999 claims any time between July 1, 1999 and June 30, 2000.

The Tax Commissioner is mailing a Newsletter to consumers who filed claims for special fuel tax refunds within the past three years advising them of the change in the law. A second Newsletter, together with 1999 special fuel tax refund forms, will be mailed to these consumers in late June 1999.

**Motor vehicle fuel tax refunds:** Consumers will continue to be eligible for a refund of the motor vehicle fuel tax in the same manner and for the same purpose as in the past. The deduction from the refund remains at \$.08 per gallon. Claims for a tax refund on motor vehicle fuel purchased during calendar year 1999 may be filed between January 1, 2000 and June 30, 2000. Claims may be filed prior to January 1, 2000 if the net refund is \$400 or greater.

**Motor vehicle fuel and special fuel tax refunds on fuel purchased during 1998:** Licensees receiving this Newsletter may wish to remind their customers that the deadline for filing 1998 claims for motor fuel tax refunds is June 30, 1999. Forms were mailed to consumers who filed refund claims with the Tax Commissioner within the last three years. Additional forms are available from the Motor Fuel Tax Section upon request.

### **If You Need Assistance**

If you have questions or concerns about motor fuel taxes, please contact:

Office of State Tax Commissioner  
Motor Fuel Tax Section  
600 E. Boulevard Ave.  
Bismarck, ND 58505-0599  
Phone: (701) 328-3139  
Fax: (701) 328-3700